

# 529 Savings Plans as Tender Type: Quick Guide

This Quick Guide provides an overview of how 529 Savings Plans may be used as tender type in Transact Payments, as well as how Transact Payments Administrators can inquire and report on 529 transactions.

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### About 529 Savings Plans

529 Savings Plans are tax-advantaged accounts, typically operated by states or educational institutions, that help families set aside funds for future educational expenses. Parents can reap enormous tax advantages by saving pre-tax funds in a 529 Savings Plan, investing the funds, and using them for qualified educational expenses, such as tuition, books, and fees, for their children.



### Available and Unavailable Plans

### Available for Use with Payments

PLAN NAME	STATE
iShares 529 Plan	AR
Arkansas Brighter Future Plan	AR
Goldman Sachs 529 Plan	AZ
ScholarShare 529	CA
CollegeInvest Direct Portfolio College Savings Plan	СО
Scholars Choice 529 Plan	СО
DC College Savings Plan	DC
Path2College 529 Plan	GA
IDeal Idaho College Savings Program	ID
CollegeChoice Advisor 529 Savings Plan	IN
CollegeChoice 529 Direct Savings Plan	IN
Learning Quest Advisor	KS
Learning Quest Education Savings Program	KS
KY Saves 529 Plan	КҮ
MI 529 Advisor Plan	MI
Michigan Education Savings Program (Direct Plan)	MI
Missouri Saving for Tuition	МО
Minnesota College Savings Plan	MN
North Dakota: College SAVE	ND
CollegeAdvantage Direct 529 Savings Plan	ОН
Oklahoma College Savings Plan	ОК
CollegeBound 529	RI
CollegeBound Saver	RI
TNStars College Savings 529 Program	TN
Edvest College Savings Plan	WI
The Hartford SMART529 College Savings Plan	WV
SMART529 WV Direct College Savings Plan	WV
SMART529 Select College Savings Plan	WV



### Unavailable for Use with Payments

PLAN NAME	STATE
CHET Advisor	СТ
HI529 - Hawaii's College Savings Program	н
College Savings Iowa	IA
ACI - Schwab 529 College Savings Plan	KS
Schwab Learning Quest 529 Plan	KS
Achieve Montana	MT
Nebraska Educational Savings Trust Advisor Plan	NE
Nebraska Educational Savings Trust Direct Plan	NE
Nebraska TD Ameritrade 529 College Savings Plan	NE
SSgA Upromise 529	NV
The Vanguard 529 College Savings Plan	NV
USAA College Savings Plan	NV
New York's 529 Advisor Guided College Savings Program	NY
New York's 529 College Savings Program Direct Plan	NY
Pennsylvania Direct 529 College Savings Plan	PA
Pennsylvania Guaranteed Savings Plan	РА
Wealthfront 529 College Savings Plan*	NV

*\** Unique service model: enablement requires partner development work.

## 529 Savings Plans and Transact Payments

Since 2017, Transact Payments has partnered with a third-party vendor, Ascensus Government Savings (AGS), to electronically process 529 Savings Plan payments. When this integration is configured, the Transact Payments client can accept electronic 529 payments through the Transact Payments SAO/ePayment site or an eMarket Checkout site from participating 529 plans/vendors for educational expenses. The integration works for students, guest, and authorized payers in the SAO site, and authenticated payers in eMarket Checkouts.

The primary advantage of electronic processing 529 through Transact Payments is convenience. Beneficiaries or account owners can make immediate payments in Transact Payments and enroll in recurring payments as part of a payment plan, and therefore do not need to submit a claim, withdraw funds, and pay via check or ACH payment.

While there is no charge to the school for 529 Payment Plans, in order to pay for payment processing services, Transact Payments and AGS charge payers a flat fee of \$10 for one-time payments. Payers can minimize their fee burden by enrolling in recurring payments, which are only charged the \$10 fee with the plan enrollment or first payment.



### Supported 529 Savings Plans

For the list of available 529 Savings Plans, please refer to the 529 Savings Plan Providers document in the Support Library.

### Payer Experience in Transact Payments SAO

The steps below illustrate how a student/beneficiary or parent makes a payment using a 529 Savings Plan. The workflow for an eMarket Checkout is similar.

- 1. Log in to the SAO site, either directly or via SSO.
- 2. In the SAO site's navigation, click Make a Payment.

#### Figure 1: Make Payment Link in SAO

GENERAL UNIVERSITY FOUNDED Founded in 1932	Make a Payment		
C Test Student1	Pay amount ● ● ●		
	1 item \$1   Remaining due \$4,991		
Make a Payment			
<b>§</b> ≡ Transactions	How much would you like to pay?		
Statements	Account Balance		
Tax Forms	Amount		
$\bigcirc$ Sign Out	\$1.00 🛞		
	Maximum \$1,000,000		
	Balance \$4,992		

- 3. Select the item(s) for purchase, enter the amount, and click **Continue**.
- 4. In the Select Method of Payment screen, click New 529 Savings Plan.



GENERAL UNIVERSITY Frended in 1992	Make a Paym	ient		
C Test Student6	Pay amount			
Overview				
Aake a Payment		How would you like to pay	?	
		New credit or debit card		
Statements		New bank account Foreign currency		
Tax Forms		New 529 savings plan		)
$\bigcirc$ Sign Out		Select	VISA	
	E Secure encrypted payment		Cancel	Continue

Figure 2: New 529 Savings Plan Payment Method

5. From the dropdown menu, select your 529 savings plan.

GENERAL UNIVERSITY Founded in 1932	Many 529 savings plans can be used to make payments on this website but not all 529 vendors and/or plans are currently supported. Your 529 vendor may also assess a service fee	
∩ Test Student6	* 529 savings plan name	
	AR - iShares 529 Plan	
Overview	AR - Arkansas 529 GIFT Plan	
🕮 Make a Payment	AR - iShares 529 Plan	
	CA - ScholarShare 529	
SE Transactions	CO - CollegeInvest Direct Portfolio College Savings P	
	CO - Scholars Choice® College Savings Program by Coll	
Statements	DC - DC College Savings Plan	
	GA - Path2College 529 Plan	
	ID - IDeal - Idaho College Saving Program	
$(\rightarrow \text{Sign Out})$	IN College Chains F20 Direct Cavings Dian	
<b>O</b>		
	terms	
	B     Secure encrypted payment     Cancel	Continue

#### Figure 3: Selecting 529 Plan Name

- 6. Provide the 529 account number and agree to the 529 terms.
  - Note: During your implementation of 529, you will use the 529 Terms and Conditions, configured in 529 control, to present Terms and Conditions informing the customer that 529 Plans must be used for qualified educational expenses.



#### Figure 4: Entering 529 Information

		* 529 savings plan name		
GENERAL UNIVERSITY Founded in 1932		AR - iShares 529 Plan	•	
		* 529 savings plan account number		
O Test Student6				
Overview		11 digits		
m.C.		529 service fee		
Make a Payment		\$10.00		
<b>§</b> Transactions		This fee will be deducted from your 529 plan account in addition to the request	ed withdrawal amount	
Statements		529 savings plan terms and conditions		
Tax Forms		terms		
$\bigcirc$ Sign Out		✓ I have read and agree to the 529 savings plan terms and co	onditions.	
	B Secure encrypted payment		Cancel	Continue

7. In the 529 Savings Plan modal window that loads, enter your username and password, and click Log On.

Figure 5: Logging In to 529 Plan

GENERAL UNIVERSITY Founded in 1932	529 savings plan	×	
C Test Student1	Passphrase money Username Test123	nt	
Make a Payment	Password		
<b>§</b> ≣ Transactions	Forgot password?		
<ul><li>Statements</li><li>Tax Forms</li></ul>	Log On	e you will ≣	be
$\ominus$ Sign Out	Important Legal Info   Business Continuity Plan   Privacy Policy © 2020 BlackRock, Inc. BLACKROCK and ISHARES are registered trademarks of BlackRock, Inc. or its subsidiaries. All other n are the property of their respective owners. Used with permission. BlackRock Investments, LLC, Member FINRA	y with you	ur :
	B Secure encryp	2]	Continue

8. Review the amount available in the plan and authorize the payment by clicking I Authorize.



GENERAL UNIVERSITY		529 savings plan	×	
C Test Student1		the school, you will incur a service fee of \$10.00 that will be deducted from your 529 account in addition to the requested withdrawal amount. Using this 529 account payment method is an optional service. For additional 529 payment options, please visit your 529 plan's website.	nt .	
🖺 Make a Payment		To complete the linking of your 529 account, please select 'I Authorize' below. Otherwise, if you do not wish to link this 529 account, please select 'Capcel' below. After you make your selection, you will be		
<b>§</b> ≡ Transactions		reflected to the school's payment portal.		
Statements		Cancel LAuthorize	e you will be	
Tax Forms			■ y with your	
$\bigcirc$ Sign Out			thalance	
		© 2020 Ascensus Broker Dealer Services, Inc., Member <u>FINRA</u> All rights reserved.		
	ြ Secure encryp		21	Continue

Figure 6: 529 Savings Plan Authorization

The modal window closes, and Transact Payments displays a message about the service fee.

9. Click **Continue** to accept the service fee and make the payment.

#### Figure 7: 529 Service Fee Message

CENERAL UNIVERSITY Control of CENERAL UNIVERSITY Founded in 1932	529 Service fee	$\times$
O Test Student1	\$10	
Overview	There is a 529 service fee of \$10 associated with this payment method which will be deducted from your 529 plan account in addition to the requested withdrawal amount.	
Aake a Payment	Click on continue to agree to pay this fee or click on cancel to select a different payment method.	
<b>S</b> Transactions	Only payments that are equal to or less than 90% of your 529 account balance will be permitted.	
Statements		
Tax Forms		
$\bigcirc$ Sign Out		
	Cancel Continue	

If the payment is authorized, a confirmation message displays, showing your remaining balance.





#### Figure 8: 529 Payment Confirmation



By clicking the receipt number, you can view the receipt online, as shown below.

#### Figure 9: 529 Payment Receipt

	Transactions Receipt #32 Test Student7 ID: 800000007	Date: 11/12/19 Business date: 12/18/06 Method: 529 savings plan Total amount \$11.00	Ē
	<u>hyperlinks are supported</u> , B	OLD and Italics options available.	
<b>A</b>	Description	Amount	
141	Account Balance (Spring 2020)	\$1.00	
	529 service fee	\$10.00	
l	Subtotal	\$11.00	
11. C/	Total	\$11.00	
	Payments received	Amount	
	iShares 529 Plan Account #XXXXXX59-01 Authorization #LA05-9305204	\$11.00	
T:	Total	\$11.00	



After making the payment, you can now select the saved 529 payment plan when making a payment through the SAO site.

GENERAL UNIVERSITY Founded in 1932	Make a Paym	ent
O Test Student7	Pay amount	Payment method
Overview		
L Make a Payment		new MC (••••545454)
S Transactions		MyMC (***5454)
Statements		New credit or debit card
Tax Forms		New 529 savings plan
$\bigcirc$ Sign Out		new MC (****5454)
	Gecure encrypted payment	Cancel Continue

Figure 10: 529 Saved Account in Payment Method Dropdown

### **Transact Payments-Side Configuration**

The Transact Payments Implementation Team will work with you to configure your Transact Payments instance for 529 Savings Plans as tender type. The implementation of 529 involves many setup steps on both the Transact Payments and vendor end.

Once 529 is deployed, you may need to adjust the settings in your SAO site. The steps below describe how to turn on or off 529 payments in the SAO site.

1. Log in to the Transact Payments Administration site.



2. In the left panel, click Store Setup.

	Home Deposits Find	Transactions	Reports Systen	n Setup CRC	About Sign Out			
Home Page				Test Data	abase - Kristie Meyer			
Quick Find	Operator: IDCDBABLI De	partment: IDC Sta	ation: <u>000</u> Client: (	CCCTEST_KM				
Departmental Deposits	<ul> <li>Your last login was on Wednesday, April 11, 2018 at 9:05:10 AM.</li> <li>Your password expires in 75 days. Click <u>here</u> to change it.</li> <li>To change your secret question click <u>here</u>.</li> <li>To configure your SMS settings click <u>here</u>.</li> </ul>							
CRC								
Find Transactions		Tue., Mar. 13, 2010						
Reports	Messages							
Bill Manager		Welcome to CASHNet!						
Batch Maintenance	E	Enter important information about your institution here.						
Online Service Manager	Today's Activity	Yesterday's A	Activity	Online Interfaces				
Imports	Amount Receipted:	Amount Receipted:	eipted:	PSFT POST	Stopped			
System Setup	<u>\$63,256.54</u>	<u>-\$861.65</u>	<u>-\$861.65</u>		Stopped			
Operator Setup								
Store Setup	) 🗕 🗕				Started			
User Emulation	All Open Batches							
Voice Authorization	Open Deposits							
Event Log Viewer								

#### Figure 11: Store Setup Link

3. In the dropdown menu, enter SAO and select the SAO store in the dropdown menu.

#### Figure 12: Selecting a Store in Store Setup

	Home Deposits Find Transactions Reports System Setup CRC About Sign Out
Select Store	Test Database - Kristie Meyer
Quick Find	
Home Page	Click here to use the new eMarket store setup for Storefronts & Checkouts
Departmental Deposits	
CRC	sao 💌
Find Transactions	SAO - ePayment Site
Reports	
Bill Manager	
Batch Maintenance	
Online Service Manager	
Imports	
System Setup	
Operator Setup	· · · · · · · · · · · · · · · · · · ·

4. In the left panel, click **Store Settings**.



#### Figure 13: Store Settings Link

	Home Deposits Find Transactions Reports System Setup CRC About Sign Out					
Store Setup - Start	Test Database - Kristie Meyer					
SAO	Your store has been implemented.					
Name & Logo	To make changes to the store you can start at the beginning and let the wizard guide you. You can also jump to a particular section by selecting one of the options from the left menu. Additionally you could continue from where you left off.					
Store Settings						
Notifications	Any time you need assistance, click the HELP button.					
Theme						
Colors & Fonts	To see how the store will look to customers, click the <b>PREVIEW</b> button.					
Credit Card Details	Start At The Beginning					
Custom Messages	Continue Where I Left Off					
Categories						
Select Items						
View Store Outline						
Implement Store						
Store Scheduler						
Discounts						

- 5. Under "Check the payment options for the customer," select **529 Savings Plans** to turn it on for general payments (non-installment).
- 6. Under "Check the payment options for IPP enrollment (if using IPP)," select **529 Savings Plans** to turn it on for installment plan payments.



	Home Deposits Find Transactions Reports Syste	em Setup CRC About Sign Out					
Store Setup - Store Settings Test Database - Kristie Meyer							
SAO							
Name & Logo	Do you want to organize the items you are selling into	• Yes No					
➡Store Settings	multiple categories?						
Notifications	Do you want the No Preview image as default image for the Items?	• Yes ONO					
Theme							
Colors & Fonts	Display Sign In fields on the page header						
Credit Card Details							
Custom Messages	Display item selection in your account	✓					
Categories	Check the payment options for the customer.	Credit Card					
Select Items		✓ ACH/Electronic Check					
View Store Outline		🖉 Purchase Order					
		🗹 Campus Card					
Implement Store		International Funds Transfer					
Store Scheduler	-	🖉 529 Savings Plan					
Discounts	Check the payment options for IPP enrollment (if using IPP).	Credit Card					
		ACH/Electronic Check					
		🗹 Campus Card					
		International Funds Transfer					
	<b>`</b>	🖉 529 Savings Plan					

#### Figure 14: Turning On 529 Savings Plan in Store Setup

- 7. At the base of the page, click **Save**.
- 8. When you are ready to implement these changes, implement the updated store through the **Implement Store** tab.

### Inquiring on 529 Transactions

Through Transact Payments' **Find Transactions** feature, you can locate 529 payment using the various search criteria, including the 529 Payment Code.



When you open a 529 transaction, it will display the Item Codes purchased and the 529 service fee Item Code, as well as the last 4 digits of the 529 account number.

New Transactions		Undo Actions 🕐		Email Receipt Comments		ments	41 4 <b>b</b> 1 <b>b</b>		
Cashier Dept. Deposit No Sale		Void	Refund	Dishonor	Endorse Reprint		Batch	Options	Checkout
Trans. No: 3894 Operator:		EBILL	Date: 6/3/2016		Business: 3/10/2016		Status: Closed		
Batch No: 1993	Batch No: 1993 Station: W		Time: 5:00 PM		Effective: 3/10/2016		Module: Web		
Student ID: 1 Pending Aid: Bad Checks:	100012345 - JONATHA	N SMITH	l						
Item Code	Description			Bala	ance Due	Min	. Due		Amount
BAL	Student Balance DELETE EDIT E	NDORSE							1.00
529FEE	529 Savings Plan Fee	NDORSE )							10.00
TOTAL	Bill Number:		113512						11.00
									11.00
PAYMENTS TENDERED									
Pay Code	Description								Amount
529	529 Savings Plan DELETE EDIT E	NDORSE							11.00
Account No:	XXXXXXX8901								
Reference:	NA09-1692976								
TOTAL Change Due									11.00
									0.00

#### Figure 15: Example 529 Payment in Find Transactions

### Reporting and Reconciliation of 529 Transactions

### Important Information About Cut-Off Times

AGS, the third-party vendor that facilitates 529 payments, has an end-of-day cut-off time of 4:00 PM Eastern Time (ET). (Bear in mind that this is 1:00 PM Pacific Time, 2:00 PM Mountain Time, and 3:00 PM Central Time.) Any transactions processed on or before 4:00 PM ET on a business day will be part of the ACH file transfer from AGS to the school for that business date. Any transactions processed after 4:00 PM ET will be in the file for the next day.

AGS will directly transfer 529 funds to the school's bank account.\* This will occur outside of Transact's End-of-Day processing. The description that appears on the school's bank statement may vary based on the 529 plan used to make the payment. Each 529 transaction will result in a separate deposit from AGS.

\*For 529 clients also using Transact's Payment Plan Software module, please note that Transact will disburse funds for enrollment fees paid via 529 to the school's bank account on a monthly basis.



### Using Payment Reports in Transact Payments

Because schools will not typically run End-of-Day in Transact Payments at 4:00 PM (most likely, it will be as close to midnight as possible), schools can reconcile 529 transactions by running Payments Reports and retrieving the actual time of 529 transactions.

For example, if today is 12/20/2018, all the 529 transactions processed between 4:00 PM ET on 12/19 and 4:00 PM ET today will be included in the today's ACH file from AGS to your school. All 529 transactions processed *after* 4:00 PM today will be sent in the ACH file on 12/21. In order to view the details of the transactions that were deposited on 12/20, when running the Transact Payments Report, your school administrator should include 529 transactions from 12/19 and 12/20, and also include the actual time of the transactions, because any transactions created between 4:00 PM ET on 12/19 and 4:00 PM ET on 12/20 will be part of the ACH file on 12/20.

In the above scenario, you would want to customize your Payment Report as follows:

- Date Range: Previous Business Date to Current Business Date
- Date Type: Business Dates
- Payment Code: 529
- Reports Type: Detail
- Sub-Total by: Business Date
- Selected Fields: Transaction Number, Business Date, Actual Time, Customer Code

### **Frequently Asked Questions**

- **Q:** Once the payer submits the 529 payment in Transact Payments, what status will it show as in Transact Payments?
- A: Payment authorization is done in real-time, and the transaction is in a "closed" status once it is submitted.
- Q: If AGS is unable to process a payment (i.e., transfer the ACH for a student), what process do they follow?
- A: AGS will notify Transact Payments Support. Transact Payments Support will then contact the client. The client would then have to dishonor the transaction in Transact Payments. Dishonoring the transaction will reverse the transaction in Transact Payments and in the ERP system. However, it will not put funds back in the 529 account.
- Q: Can transactions be refunded or voided?
- A: No. AGS does not support refunds or reversals, so in Transact Payments, the VOID and REFUND buttons will be disabled for 529 transactions. If a transaction needs to be reversed, the school administrator will have to use the **DISHONOR** button. For refunds, the school would then have to send a paper check to the customer.



- **Q:** When will the AGS service fee be charged?
- A: The service fee will be charged for every one-time payment. So, if you are paying for an open item, a new charge item, an enrollment fee item, or an installment payment, the service fee will be charged.

The service fee will only be charged once for recurring payments. The examples below explain in greater detail:

- Student signs up for IPP with optional AutoPay: If the student signs up for AutoPay as part of the IPP enrollment process, he/she will have to pay the fee at the time of enrollment. He/she will not be charged again when the autopay payment is processed.
- Student signs up for IPP without AutoPay: Student pays the service fee at the time of enrollment. If later, the student wishes to sign up for AutoPay, he/she will have to pay the service fee at the time of AutoPay enrollment. Recurring payments after this will not be assessed a fee.
- Student only signs up for AutoPay (outside of IPP): Student signs up for AutoPay for an open-item or a new charge item, the student will be charged a fee at the time of enrollment.
- **Q:** What is the frequency of the funds transfer?
- A: AGS has a cut-off time of 4:00 PM ET. Any transactions processed before 4:00 PM ET will be part of the ACH file transfer from AGS to the school for that business date. Any transactions processed after 4:00 PM ET will be processed the next day.
- **Q:** If a parent uses parent-student links, and they want to use 529 for both students, do they have to pay the fee twice?
- A: A particular 529 plan would only be associated with one student. Therefore, the parent would have to pay the fee twice, as they would have to link each student to separate 529 plans.
- Q: How does Transact Payments handle multiple 529 accounts?
- A: A student can have multiple 529 Savings Plans. A student can have one active plan for a particular school for each 529 account. A student can have active payment plans at multiple schools at the same time for a single 529 account.
- Q: When 529 funds are deposited to the school's bank account, what is the description of the deposit?
- A: The 529 vendor, AGS, deposits the funds to the school's bank account. The description that appears on the school's bank statement may vary based on the 529 plan used to make the payment.
- **Q:** Is 529 an available option for guest payers (payers accessing Payments using a Student ID and Last Name)?
- A: Yes, guest payers in Transact Payments can be configured to see 529 as a selectable payment option.